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# STATE CONSTRUCTION PROGRAM BONDS

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this, through periods when population doubled faster than now. All this time parents and property owners were free to choose the best textbooks and build the finest schools, because they paid the bill directly. Now, however, because of the State's increasing financial power, it is setting arbitrary limitations on textbooks and school buildings. This unfortunate proposal would shift financing and control even further from local to State level. It would be another step toward control of schools by politicians and pressure groups, and ultimately, schools that are the tools of tyrants.

Do not be misled by "emergency" claims. The real emergency is the threat of politically dominated schools!

This amendment would substitute State sales taxes, which depress business and hit working people who are least able to pay, for traditional local property taxes, which fall upon land made valuable by the incoming population requiring schools. All economists agree that taxes on the value of land cannot discourage the use of land, raise the price of land, nor increase the cost of living. On the contrary, by inducing absentee land speculators either to use their land or sell it to those who can use it, these traditional taxes stimulate development and make the State prosperous.

Property is not overtaxed. Every school district contains land that is unimproved because taxes are insufficient to induce speculators to release it.

The only reason school districts are hard up is that land speculators have crippled their taxing powers. By pressuring assessors, speculators have forced assessed values of land far below real values.

By pressuring the Legislature, they have:

(1) Made it illegal for the people in any school district to bond their land above a small, arbitrary percentage of even the assessed value.

(2) Instituted arbitrary property tax ceilings.

(3) Forced school districts to tax improver and personal property along with land, thus increasing their legitimate burden to the shoulders of home-owners, industrious farmers, and landholders who improve their property.

By contrast, California's more than 100 irrigation districts, which are comparable to school districts, are subject to none of these deplorable restrictions. Irrigation districts are free of taxing or bonding limits other than what they set for themselves. Irrigation districts are free to spread taxes uniformly over the district, irrespective of improvements, so that landholders who improve their land are not penalized by increased taxes. Irrigation districts thus enjoy full freedom to support themselves without overburdening home-owners, and therefore flourish without State handouts. All school districts need, to support themselves as independently as irrigation districts, is the same freedom from State domination that irrigation districts enjoy.

Instead of offering handouts, the Legislature should set the school districts free at its next session. Vote NO.

WM. B. TRUEHART

ROBERT TIDEMAN

For the California Committee  
Against Proposition 2, 221  
Madrone Ave., Larkspur

**3 STATE CONSTRUCTION PROGRAM BONDS.** Assembly Constitutional Amendment No. 17. Authorizes issuance and sale of \$200,000,000 of state bonds to carry out building program contemplated by State Construction Program Bond Act of 1955. Said Act provides for use of the bond money, as appropriated by Legislature, for buildings and building sites for state educational institutions, mental and correctional institutions, and other state facilities. Directs that not less than \$60,000,000 of bond proceeds shall be available for state colleges.

YES	
NO	

(For Full Text of Measure, See Page 5, Part II)

#### Analysis by the Legislative Counsel

This constitutional amendment would add Section 4½ to Article XVI of the Constitution. It would authorize the issuance and sale of state bonds in the sum of \$200,000,000 and the use of the proceeds as provided in the State Construction Program Bond Act of 1955 (Chapter 1709 of the Statutes of 1955), thus providing a fund to be used to carry out the state construction program contemplated by that act. The measure provides that at least \$60,000,000 from the proceeds of the sale of the bonds be used for major building construction, equipment, and site acquisition for state colleges now or hereafter established. It would permit amendments to the bond act, provided that such amendments do not increase the sum of the bonds to be sold or utilize the proceeds for purposes unrelated to the construction program.

The State Construction Program Bond Act of 1955 states that its purpose is to provide the necessary funds to meet the major building construction, equipment, and site acquisition needs for the departments of the State Government which are financed primarily from general revenues rather than from special funds. These needs are more par-

ticularly described in the *Report on State Building Construction Program*, prepared by the Department of Finance and printed in the Appendix to the 1955 Senate Journal in Volume 1. The bond act provides, however, that the Legislature may deviate from the specific projects mentioned in the report in utilizing the bond proceeds, so long as the proceeds are not used for purposes specifically excluded from the program or for purposes not reasonably related thereto. The Legislature is not required to follow the system of priorities contained in the report.

The bond act provides that the bonds are to be general obligations of the State for the payment of which the full faith and credit of the State is pledged, and it appropriates annually from the General Fund the sum necessary to make the principal and interest payments on the bonds as they become due.

Bonds are to be issued under the bond act only for projects for which funds are appropriated in any year by the Legislature in a separate section of the Budget Act. The Department of Finance is required to total the appropriations made in such separate section of the Budget Act annually and to

request the State Construction Program Committee, which consists of the Governor, the State Controller, the State Treasurer, the Director of Finance, and the Director of Public Works, to have scientific bonds issued and sold to carry out such acts.

#### Argument in Favor of Assembly Constitutional Amendment No. 17

This State is faced with the unavoidable necessity of a large building program because of its continued great population growth. This growth is caused not only by the thousands of people moving into California, but also by the great increase in birth rate following the depression years which has especially swollen the segment of the population in the school and college age groups. There are about 70,000 students enrolled in the University of California and the State colleges this year. We know from the numbers now in our elementary and high schools that the University and college enrollments will almost double in the next ten years and that within that time the State must provide additional class rooms and other teaching facilities to accommodate this tremendous increase in students.

The State must also expand its hospitals to care for mental cases, its Youth Authority schools, its adult correctional institutions and other buildings to accommodate the increasing loads caused by the State's growth.

After a careful survey, a five-year building program has been developed on a sound, economical basis. This program calls for an outlay in excess of \$400,000,000, which is more than reasonably can be financed from current tax revenues. A bond issue, therefore, of \$200,000,000 is proposed, the proceeds from which would be used under strict legislative review to assist in the financing of this building program. Out of the total proceeds, \$60,000,000 is reserved for expansion of State college facilities.

It is a sound plan to meet part of the costs of the building program by borrowing, since the benefits of the increased plant facilities will be enjoyed by future taxpayers for many years to come.

After this five-year building program to meet the needs of this critical period is completed, it is anticipated that the general economic growth will permit financing of further capital outlay from current revenues.

Vote YES so that the State may finance its building requirements in an orderly manner.

THOMAS W. CALDECOTT  
Member of the Assembly,  
Eighteenth District

WALLACE D. HENDERSON  
Member of the Assembly,  
Thirty-second District

4	<b>OIL AND GAS CONSERVATION. Initiative.</b> Prohibits waste, defined as production methods which reduce maximum economic quantity of oil or gas ultimately recoverable by good engineering practices. Provides for unit operation of pools to increase ultimate recovery on agreement of lessors and lessees of three-fourths of pool. Creates California Oil and Gas Conservation Commission to prevent waste by any necessary or proper orders, including orders limiting production but only to extent necessary to prevent waste. Provides for well spacing. Provides for pooling of spacing units in new pools. Provides Commission's orders shall protect correlative rights. Provides for enforcement and administration.	YES
		NO

(For Full Text of Measure, See Page 6, Part II)

#### Analysis by the Legislative Counsel

##### 1. General

This measure, proposed by an initiative petition, would enact the California "Oil and Gas Conservation Act."\* It would repeal the existing California statutes regulating the production of oil and gas, found in Public Resources Code, Sections 3000 to 3503, except that the provisions in Public Resources Code, Sections 3600 to 3608, relating to the spacing of wells, would be amended and preserved with respect to certain pools (Act, Secs. 18 and 19). The amendments, however, are designed merely to reflect the administrative changes which would result from passage of the Act by substituting the new Commission for the present Oil and Gas Supervisor. The existing spacing provisions, as thus amended, would continue to apply to fields discovered after August 14, 1931 and prior to the effective date of the initiative act, if at least one well has produced oil or gas in paying quantities prior thereto. The initiative act would repeal existing statutes authorizing the State Lands Commission to supervise the spacing of wells and the unit plan of development for oil fields owned and

leased for the production of oil and gas by the State of California, which statutes are now found in Public Resources Code, Sections 6830, 6832, and 6833.

This initiative measure would create a new California Oil and Gas Conservation Commission consisting of three members (Act, Sec. 3). One member, who would hold office for four years and be chairman of the Commission, is designated in the Act as the person holding the position of State Oil and Gas Supervisor on the day before the initiative act takes effect. Another member, to hold office for three years, is designated in the Act as the person holding the position of Chief Deputy Oil and Gas Supervisor on the day before the Act takes effect. These positions are now occupied by the two chief administrators of the Division of Oil and Gas in the State Department of Natural Resources. A third member is to be appointed by the Governor and confirmed by the Senate for a term of two years. Thereafter each member is to serve upon appointment by the Governor and confirmation by the Senate for a term of four years. At least one member must have not less than ten years' practical experience in the production of oil. Each member is to receive an annual salary

\* Hereafter referred to as the "Act."

2	<b>SCHOOL BONDS. Senate Constitutional Amendment No. 11.</b> Directs issuance and sale of \$100,000,000 of state bonds to provide loans and grants to school districts for (a) school sites, construction and equipment, and (b) housing and equipment for education of physically handicapped or mentally retarded minors. Authorizes legislation providing for allocation of money to school districts. Permits legislation for repayment of allocations for schools for handicapped or retarded minors. Requires legislation for repayment of allocations for other schools, commensurate with districts' ability to repay. Declares state policy regarding public school sites and buildings.	YES	
		NO	

(This proposed amendment does not expressly amend any existing section of the Constitution, but adds a new section thereto; therefore, the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

PROPOSED AMENDMENT TO ARTICLE XVI

**Sec. 18.** Bonds of the State of California shall be prepared, issued, and sold in the amount of one hundred million dollars (\$100,000,000), in such denominations, to be numbered, to bear such dates, and to bear such rate of interest as shall be determined by the Legislature.

The proceeds of such bonds shall be used:

(a) Subject to such legislation as the Legislature may, from time to time, enact, to provide loans and grants to school districts of the State for use in purchasing and improving school sites, the purchasing of furniture and equipment for schools, and the planning and constructing, reconstructing, repairing, altering, and making additions to, school buildings.

(b) Subject to such legislation as the Legislature may, from time to time, enact, to provide loans and grants to school districts for assistance in providing necessary housing and equipment for the education of physically handicapped minors and mentally retarded minors as those terms are defined in Chapters 9 and 11 of Division 4 of the Education Code.

(c) To pay the expenses that may be incurred in preparing, advertising, issuing, and selling the bonds, and in administering and directing the expenditure of the moneys realized from the sale of such bonds.

The issuance, signing, countersigning, endorsing, and selling of the bonds herein provided for, and the interest coupons thereon, the place and method of payment of principal and interest thereon, the procedure for initiating, advertising and holding sales thereof, and the performance by the several state boards and state officers of their respective duties in connection therewith; and all other provisions, terms, and conditions

relating to the bonds, shall be as provided by the Legislature.

The Legislature may appropriate money to be expended in addition to or in lieu of the money received from the sale of the bonds sold under the authority of this section. The money so appropriated shall be expended pursuant to subdivision (a) of this section. If the Legislature appropriates money in lieu of the money received from the sale of the bonds, the total amount of bonds required to be sold pursuant to this section shall be reduced by the amount so appropriated.

The Legislature shall pass all laws, general or special, necessary or convenient to carry into effect the provisions of this section. Such laws may provide for the allocation of funds to school districts pursuant to this section by the State Allocations Board or a similar agency and in that event, notwithstanding any other provision of this Constitution, Members of the Legislature who are required to meet with such board shall have equal rights and duties with the nonlegislative members to vote and act upon matters pending before such board.

The Legislature shall require each district receiving an allocation of money from the sale of bonds pursuant to this section for the purpose prescribed in subdivision (a) of this section to repay such money to the State on such terms and in such amounts as may be within the ability of the district to repay.

The Legislature may require each district receiving an allocation of money from the sale of bonds pursuant to this section for the purposes prescribed in subdivision (b) of this section to repay such money to the State on such terms and in such amounts as the Legislature deems proper.

The people of the State of California in adopting this section hereby declare that it is in the interests of the State and of the people thereof for the State to aid school districts of the State in providing necessary school sites and buildings for the pupils of the Public School System, such system being a matter of general concern inasmuch as the education of the children of the State is an obligation and function of the State.

3	<b>STATE CONSTRUCTION PROGRAM BONDS. Assembly Constitutional Amendment No. 17.</b> Authorizes issuance and sale of \$200,000,000 of state bonds to carry out building program contemplated by State Construction Program Bond Act of 1955. Said Act provides for use of the bond money, as appropriated by Legislature, for buildings and building sites for state educational institutions, mental and correctional institutions, and other state facilities. Directs that not less than \$60,000,000 of bond proceeds shall be available for state colleges.	YES	
		NO	

(This proposed amendment does not expressly amend any existing section of the Constitution, but adds a new section thereto; therefore, the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

PROPOSED AMENDMENT TO ARTICLE XVI

**Sec. 4½.** The issuance and sale of bonds of State of California in the sum of two hundred million dollars (\$200,000,000) and the use and

disposition of the proceeds of the sale of said bonds, all as provided in the State Construction Program Bond Act of 1955 authorizing the issuance and sale of bonds for the purpose of providing a fund to be used to carry out the state construction program contemplated by that act, is hereby authorized and directed, and the State Construction Program Bond Act of 1955 is hereby approved, adopted, legalized, validated and made fully and completely effective; provided, that from the proceeds of the sale of said bonds, the sum of not less than sixty million dollars (\$60,000,000) shall be available for expenditure for

major building construction, equipment and site acquisition for state colleges now or hereafter established. Nothing in this Constitution shall invalidate or restrict the provisions of this section, nor shall this section prevent amendments to the State Construction Program Bond Act of 1955 which are germane to the subject thereof; provided, such amendments do not increase the sum of the bonds herein authorized to be issued and sold nor utilize the proceeds thereof for purposes not related to the construction program generally described therein.

**4 OIL AND GAS CONSERVATION. Initiative.** Prohibits waste, defined as production methods which reduce maximum economic quantity of oil or gas ultimately recoverable by good engineering practices. Provides for unit operation of pools to increase ultimate recovery on agreement of lessors and lessees of three-fourths of pool. Creates California Oil and Gas Conservation Commission to prevent waste by any necessary or proper orders, including orders limiting production but only to extent necessary to prevent waste. Provides for well spacing. Provides for pooling of spacing units in new pools. Provides Commission's orders shall protect correlative rights. Provides for enforcement and administration.

YES

NO

(This proposed law expressly amends and repeals existing sections and adds new provisions to the law; therefore **EXISTING PROVISIONS** proposed to be **DELETED OR REPEALED** are printed in **STRIKE-OUT TYPE** and **NEW PROVISIONS** proposed to be **INSERTED OR ADDED** are printed in **BLACK-FACED TYPE**.)

#### PROPOSED LAW

**AN ACT** providing for conservation in the production of oil and gas; defining and prohibiting waste; providing for well spacing; authorizing agreements for unit operation, agreements for waste prevention, and agreements for cooperative operation; creating the California Oil and Gas Conservation Commission and defining its powers and duties; providing for the enforcement of this Act and the rules, regulations and orders of the Commission; providing for punishments and penalties and for oaths, subpoenas, actions, reviews and appeals; providing for the cost of administering this Act; and providing for the amendment and repeal of specific sections of the Public Resources Code.

*The people of the State of California do enact as follows:*

**DECLARATION OF INTENT.** It is hereby declared to be the intent of this Act to encourage and promote conservation in the production of oil and gas in the State of California; to protect the public interest against waste in the production of oil and gas; and to encourage production practices designed to increase the ultimate recovery of oil and gas.

**SECTION 1. WASTE PROHIBITED.** Waste of oil and gas is hereby prohibited.

**SECTION 2. DEFINITIONS.** As used in the Act, unless the context otherwise requires:

A. "Commission" shall mean the California Oil and Gas Conservation Commission.

B. "Oil" shall mean and include crude petroleum and other hydrocarbons, regardless of gravity, which are normally produced at the wellhead as liquids, and shall not include those hydrocar-

bons which are normally produced at the wellhead as vapors or gases.

C. "Gas" shall mean and include all natural gas and all hydrocarbons produced at the wellhead not defined herein as oil.

D. "Person" means and includes any natural person, corporation, association, partnership, receiver, trustee, executor, administrator, guardian, fiduciary or other representative of any kind, and includes any department, agency or instrumentality of the State, or of any municipality, or any governmental subdivision whatsoever. The masculine gender, in referring to a person, includes the feminine and the neuter genders.

E. "Pool" shall mean an underground reservoir containing, or appearing at the time of determination to contain, a common accumulation of oil or gas.

F. "Field" means the general surface area underlaid by one or more pools.

G. "Maximum Efficient Rate" shall mean the highest rate of production of oil expressed in barrels of oil per day, or production of gas expressed in thousand cubic feet per day which can be sustained from a pool or well with the then existing facilities for a reasonable period without waste.

H. When used between the words "oil" and "gas", the word "and" includes the word "or" and the word "or" includes the word "and".

I. The use of the plural includes the singular, and the use of the singular includes the plural.

J. "Waste" shall mean the inefficient, excessive, or improper use of, or unnecessary dissipation of, reservoir energy; the unnecessary escape of natural gas into the atmosphere; or the locating, spacing, drilling, completing, equipping, operating or producing of any oil or gas well in a manner which causes, or tends to cause, reduction in the maximum economic quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations conducted in accordance with good oil field engineering practices.

K. "Unit Agreement" shall mean and include in addition to the unit agreement, any unit operating agreement, consent agreement and other